

From: [Woods, Michael \(DETI\)](#)
To: [Saunders, David](#); [Bagdonaite, Dovile](#)
Subject: FW: Inspection of RHI non domestic installations
Date: 05 February 2016 13:39:18

From: Rooney, Eugene
Sent: 04 February 2016 07:54
To: Woods, Michael (DETI); Wightman, Stuart; Stewart, Chris (DETI)
Cc: McCormick, Andrew (DETI); Mills, John (DETI); McIlwrath, Linda; Cooper, Trevor
Subject: RE: Inspection of RHI non domestic installations

Michael

I would have thought that OFGEM as a non-Ministerial government department and regulator should have a strong interest in this and we should get their views formally on the approach to be used for the investigation.

Eugene

From: Woods, Michael (DETI)
Sent: 03 February 2016 18:07
To: Wightman, Stuart; Stewart, Chris (DETI)
Cc: McCormick, Andrew (DETI); Rooney, Eugene; Mills, John (DETI); McIlwrath, Linda
Subject: RE: Inspection of RHI non domestic installations

Chris

I agree that if we were asking Action Renewables to comment on the processes in OFGEM or if we ask them to review an installation they have already been involved with they would have a conflict. However, we are asking them to undertake the same type of onsite inspection for us that they would for OFGEM. IF we want to engage someone to undertake site inspections but also to review the implementation of the programme by OFGEM then we would need to use another company. As part of my audit review my team will need access to OFGEM to understand their systems and how the administer the application and payment processes. IF we can identify another company that could undertake both pieces of work then i would be more than happy to approach them. Before we proceed we need to be content that this is the right path to follow.

It may be useful to discuss before proceeding any further

Michael

From: Wightman, Stuart
Sent: 03 February 2016 12:45
To: Stewart, Chris (DETI)
Cc: McCormick, Andrew (DETI); Rooney, Eugene; Mills, John (DETI); McIlwrath, Linda; Woods, Michael (DETI)
Subject: RE: Inspection of RHI non domestic installations

Chris

If we are reviewing Ofgem's accreditation process, then because Action Renewables are part of this process, they would have a conflict of interest and shouldn't be used. However, my understanding is that we want to quickly commission a sample of audits/site inspections to be completed on both accredited installations and installations awaiting accreditation focussed on concerns raised by my SMT, Audit Committee and the recent 'whistleblowing letter'. Action Renewables (who already carry these checks out) are readily placed to deliver this.

Happy to discuss.

Thanks, Stuart

From: Stewart, Chris (DETI)
Sent: 03 February 2016 12:22
To: Wightman, Stuart
Cc: McCormick, Andrew (DETI); Rooney, Eugene; Mills, John (DETI); McIlwrath, Linda
Subject: FW: Inspection of RHI non domestic installations

Stuart

Action Renewables is directly involved in RHI accreditation according to its website. Does it provide this service in NI? If so, can it really be regarded as independent?

C

From: Woods, Michael (DETI)
Sent: 03 February 2016 12:18
To: McCormick, Andrew (DETI)
Cc: Rooney, Eugene; Stewart, Chris (DETI); Cooper, Trevor; Mills, John (DETI); Wightman, Stuart; Saunders, David; Bagdonaite, Dovile
Subject: Inspection of RHI non domestic installations

Andrew

We are currently undertaking a audit review of the RHI non-domestic scheme. In light of the issues that have been raised regarding possible abuse of the scheme there is a requirement now as part of this review to engage external expertise to undertake a number of inspection visits to installations in Northern Ireland.

I have discussed with colleagues in Energy Division and they have advised that OFGEM currently undertake post payment/ award inspections of installations. OFGEM subcontract this work to Ricardo AGA who in turn engage Action Renewables to undertake these checks in Northern Ireland. Given the need to respond quickly to the allegations that have been raised on possible abuse of the scheme I suggest the following course of action:

- 1) Confirm with OFGEM that Action Renewables have the necessary expertise to undertake inspections of installations, ensuring compliance with the scheme criteria and legislation (I have asked Stuart to confirm this with OFGEM);
- 2) Contact Action Renewables and confirm they can undertake these inspections (they have already confirmed this with Energy Division);

- 3) Select a sample from current applications awaiting approval and a separate sample of installations which have already received an award, confirm any additional questions we may need answered and then ask Action Renewables to submit a proposal with costs to undertaken these inspections and reporting directly to me. Energy have advise that OFGEM could only undertake a small number of inspections and to adequately address these issues i consider we will need to test a larger population, OFGEM also only undertake post payment inspections i consider a sample of applicants awaiting approval also need to be sampled. Finally having this work undertaken directly and reporting to me would provide more independence in using the findings as part of my review;
- 4) To engage Action Renewables directly within the timescale required will mean a Direct Award Contract. If content to proceed i will liaise with Energy on a Business Case and specification for the review, including a sample for inspection;
- 5) Additional budget cover will be required to cover the cost of these inspections, the cost will be dependent on the size of sample selected; and
- 6) In addition, i am meeting with the group Head of Internal Audit on Friday morning to review the current Terms of Reference for the audit review to ensure that this will cover the issues to be considered, include the additional verification work by Action Renewables and to plan the work my team will need to undertake in OFGEM to understand the system they have in place to assess applications and validate payments.

If you are content i will proceed as suggested, i will of course agree to sample size and additional questions before engaging Action Renewables. The alternative would be to ask OFGEM to undertake more inspections however, it is not clear they have the capacity to do so and this would not be as independent as engaging directly with the inspection company.

Happy to Discuss

Michael Woods
DETI IAS
Ext 29892